CORONATION INDUSTRIAL

Class A
as at 31 December 2007

CORONATION FUND MANAGERS

The fund delivered a return of -0.9% for the quarter, disappointingly trailing the positive 1.7% of the FTSE-JSE Industrial index. On a one-year basis the fund similarly trailed the index (11.2% vs 17.8%). The three-year comparatives stand at 28.4% vs 31.3%.

Aside from relative performance, the progression of one-year returns tells the story of what has happened in markets. At end June, the fund's one-year return was 57%; by September this had fallen to 39% and a mere quarter later we are now at 11%. The long-expected correction in markets has largely happened. We reported last quarter that the portfolio did not prove to be as robust (or as defensive) as we hoped. The quarter under review did little to change this.

The lack of exposure to telecoms and construction remained the biggest reason for underperformance, especially relative to the index and competitors. Telecoms and MTN in particular contributed very strongly to the performance of the index, given the large weighting it carries. Corporate activity on this front (MTN's possible bid for Telkom, Vodafone's possible interest in Telkom's Vodacom stake, a possible international bid for MTN) resulted in a flurry of share price moves that does not necessarily relate to the long-term value of the assets involved. Regrettable as it may be for short-term performance, the view remains that MTN does not offer much valuation upside. The fund did manage to secure a small holding at R115 per share during a sharp sell-off in December, but it was not enough to offset what had been lost earlier. The construction story played out rather differently. In an economy where the outlook weakened by the day, these stocks were strongly underpinned by the visibility in their near-term earnings, itself a result of the government's capital spending plans. Here too our view remains. Despite their obvious earnings momentum, these shares simply do not offer valuation upside.

The stocks that we continue to hold again performed below our expectations. Naspers and Woolies remain the two largest holdings. In December Naspers acquired a very large business offshore in a deal that was not well received by the market. Our conviction in the investment case remains. While we have every faith in management's strategy and track record, we are evaluating the transaction specifics. Woolies suffered along with other consumer plays as the macro environment weakened appreciably in the quarter. The investment case remains intact (a stable, growing food business, continued turnaround in the clothing business, blue sky financial business), but the deteriorating cyclical environment caught the food business with a high cost base in mid-expansion, a cool summer did the clothing business no favours, and a nasty credit environment revealed cracks in the lending book.

To avoid sounding like Lemony Snicket and his series of unfortunate events, it is perhaps better to move swiftly on. Given market instability and strategies that were not working all that well, there was much soul-searching, and some trading activity. While quite a few counters were involved, it was actually at the margin, with the core stock positions (Naspers, Woolies, Famous Brands, Bidvest, AVI) unaffected. Spar was one large position that was trimmed down, having held up well, in favour of new positions. The Tiger Brands and Remgro holdings were beefed up. In an attempt to broaden the base of the fund and capture some alpha, small positions were added in a number of counters, mostly under the headings of 'small cap' or 'cheap cyclicals'. Among these were Omnia, O-line, Seakay, Freeworld Coatings, CIC Holdings, Astrapak, Country Bird and Truworths. Funding came from Stefanutti & Bressan, York Timber, PPC, Afgri and Medi Clinic.

The offer for Tiger Automotive brings to an end a long and trying involvement for the fund. At a 5% holding, the premium to spot price that was achieved here was one of the few highlights of recent months and vindicated the earlier decision to stick with an undervalued situation. The capital thus released will provide handy firepower in a falling market where there is increasing value to be had.

Lastly, a hearty welcome to colleague Quinton Ivan as new co-manager. He comes with new ideas and much enthusiasm: may they make a difference soon.

Dirk Kotzé and Quinton Ivan
Portfolio Managers

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CORONATION FUND MANAGERS

Fund category	Domestic Equity Industrial	Portfolio manager/s	Dirk Kotzé and Quinton Ivan
Fund description	Invests in a broad range of domestic industrial shares.	Fund size	R88.1 million
		NAV	5156.39 cents
Launch date	1 July 1998	Benchmark/performance fee hurdle	FTSE/JSE Africa Industrial Index

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2007
Domestic Assets	100.00%
Equity	95.26%
Basic Materials	7.74%
Industrials	29.20%
Consumer Goods	18.52%
Healthcare	2.95%
Consumer Services	34.14%
Telecommunications	1.73%
Technology	0.98%
Real Estate	3.10%
Cash	1.64%
International Assets	0.00%

TOP 10 HOLDINGS

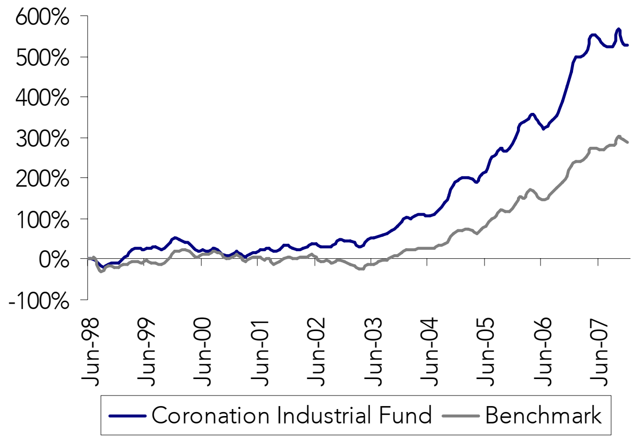
As at 31 December 2007	% of Fund
Naspers Ltd – N ordinary shares	6.73%
Woolworths Ltd	6.63%
Tiger Brands Ltd	6.04%
Bidvest Group Ltd	5.93%
Famous Brands Ltd	5.91%
Tiger Automotive Ltd	5.55%
Remgro Ltd	4.04%
AVI Ltd	3.90%
Trencor Ltd	3.90%
Mvelaphanda Group Ltd	3.66%
Total	52.29%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	17.39	15.62	1.77
31/03/2007	01/04/2007	14.67	11.23	3.44
30/09/2006	01/10/2006	38.88	35.09	3.79
31/03/2006	01/04/2006	42.71	40.74	1.97

PERFORMANCE AND RISK STATISTICS[1]

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	11.18%	17.80%	-6.61%
Latest 12 months (annualised)	11.18%	17.80%	-6.61%
Latest 36 months (annualised)	28.44%	31.30%	-2.86%
Latest 60 months (annualised)	33.86%	32.96%	0.89%
Since inception (annualised)	21.30%	15.31%	5.99%
2006	41.12%	41.86%	-0.74%
2005	35.03%	35.46%	-0.42%
2004	53.35%	46.59%	6.76%
2003	32.27%	25.24%	7.03%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	17.25%	20.99%
Sharpe ratio	0.59	0.20
Maximum gain	55.76%	61.72%
Maximum drawdown	-29.82%	-38.53%
Positive months	64.04%	65.79%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	6.31%	0.15%	1.60%	6.60%	0.50%	-1.68%	-2.36%	-0.20%	1.03%	5.61%	-5.28%	-0.92%
Fund 2006	8.29%	1.23%	2.16%	1.98%	-4.53%	-3.70%	1.89%	3.68%	2.40%	7.90%	7.17%	7.44%
Fund 2005	1.26%	0.15%	-1.32%	-2.48%	6.82%	2.95%	10.56%	2.55%	3.47%	-1.41%	1.46%	7.22%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee**	1.00%

*An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISP's).
** A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

Total Expense Ratio (TER)[2]	1.23% per annum

Advice Costs (excluding VAT)

- Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.
- An initial advice fee may be negotiated to a maximum of 3% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 1% per annum (if initial advice fee greater than 1.5% is selected, then the maximum annual advice fee is 0.5%), charged by way of unit reduction and paid to the Financial Advisor monthly in arrears. This annual advice fee is not part of the normal annual management fee as disclosed above.
- Where commission and incentives are paid, these are included in the overall costs.

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 [1]Performance is quoted from Morningstar as at 31 December 2007 for a lump sum investment using Class A NAV prices with income distributions reinvested. [2]The TER is calculated as an annualized percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for the period 1 January 2007 to 30 September 2007. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TER's.